



Commonly Asked Property Tax Questions

Pay 2013 Truth in Taxation Notices

Revised 11/14/12

Truth in Taxation Notices:

- Show Current Year and Proposed (Pay 2013) tax amounts.
- The tax amounts do not include special assessments.
- Meeting Dates, Times & Locations are listed for each jurisdiction. However, not all cities/townships have to hold a meeting. Look at your notice for more information.
- The Market Value Notice was sent out in the spring of 2012 (along with the tax statement). The period to discuss changes to market values through the board of appeal process has passed.

General Definitions:

- Estimated Market Value: This is the value determined by the appraiser and reflects what the property might sell for. This value is based on actual sales data for similar properties in the same area for a set time period.
- Homestead Exclusion: This calculated value reduces the taxable value used for applicable homestead property. This value replaces the Homestead Tax Credit that was used in prior years.
- Other Exclusions/Deferrals: These are other reductions to the estimated market value. They may include Disabled Vets, Plat Law, Green Acres, etc.
- Taxable Market Value: This is the value used to calculate taxes. If no other deferrals or exclusions exist for the property, the Estimated Market Value minus the Homestead Exclusion will equal the Taxable Market Value.

Taxpayer Questions:

1. Why did my market value go up? I didn't do anything to my property.

The Estimated Market Value of your property is just that -- it is an estimate of what your property would sell for. It is based on sales of similar properties so depending on the market, the value can change even if nothing was done to the property. For more information, contact Taxpayer Services at 507-304-4251.

2. I recently filed for homestead in the Assessor's Office but my notice says Non- Homestead?

You must own and occupy your property by December 1, 2012 in order to receive the homestead classification for taxes payable in 2013. Secondly, you must complete a Homestead Application form and file it with the Assessor's office by December 15, 2012.

If the form for homestead has been filed in the last couple of months, the maintenance probably was not completed before the calculations for the notices had begun. If we have the application

and it is fully completed, the property should receive the homestead benefit for Pay 2013. Any questions can be directed to 507-304-4251.

3. Is there still a homestead 'credit'? -- Is there a benefit from homesteading?

The legislature eliminated the homestead market value **credit** for taxes starting with payable 2012 taxes. The maximum credit was \$304 on a property valued at \$76,000. It was reduced to zero at properties valued at \$413,800 or more. In cases where there was no credit, the homestead taxes are the same as non-homestead taxes.

Taxes payable in 2012 and beyond: The **Homestead Exclusion** amount is calculated in much the same way as the credit was processed. The exclusion is calculated on homes valued up to \$76,000 at a rate of 40% of the market value. A house valued at \$76,000 receives the maximum exclusion of \$30,400. The exclusion amount is reduced by 9% for the value greater than \$76,000 until the exclusion phases out completely at approximately \$413,800. Any exclusion reduces a property's taxable market value.

If a taxpayer owns more than one parcel, the credit/exclusion is based on the total value of all parcels.

4. Are there changes in the agricultural homestead credit?

The agricultural homestead market value credit provisions have not changed. The maximum credit of \$345 is reached at a value of \$115,000. Land valued over \$115,000 but less than \$345,000 receives a reduced credit, and values over \$345,000 receive the minimum credit of \$230. (Houses are not included—they are now subject to the market value exclusion.)

5. What is the State General Tax?

Starting with payable 2002, the State of Minnesota took over funding of the general education school levy. In order to fund that, a new State Tax was implemented. The State Tax applies to commercial, industrial, seasonal recreational, and some misc. property types. Residential and agricultural properties will not have State Tax. The State Tax rate is set by the Dept. of Revenue, and is the same rate statewide. The Pay 2012 rate for seasonal recreational property was 20.75% and the commercial/industrial & misc. property type rate was 51.1%. For Pay 2013, the proposed rate used for the TNT calculations for seasonal recreational property is 23% and the commercial/industrial & misc. property is 53% (actual rate may change).

6. What is "Tax Increment" Tax?

A number of Tax Increment Financing (TIF) districts have been created within Blue Earth County. Basically, TIF is a program which allows the increased property taxes generated by a development to pay for development costs.

Tax Increment is not an additional tax. Tax Increment does not affect the calculation of the tax amount; rather, it affects the distribution of the tax. The tax due is calculated the same as for a

property that is not in a TIF district, but money that would normally go to the county, city, school, and special taxing districts instead are diverted to the TIF district.

7. Why did my taxes go up so much – even if my value went down? Is it all due to taxing districts spending more money?

- If their Estimated Market Value increased this year, they may see a tax increase depending on how the values of all other property in the taxing district changed.
- The amount of homestead exclusion decreases as the value increases, which makes tax increases accumulate faster. If their value decreased, then the homestead exclusion could increase potentially resulting in lower taxes.
- Taxing district spending decisions – check each line item to see where the tax increase occurred. For more information, call 507-304-4251.

8. Where can I get more information on Blue Earth County spending?

- The Blue Earth County meeting will be on December 11, 2012 at 6:00 pm in the Historic Courthouse Boardroom.

9. Is there any way I can appeal my property value?

Local Boards of Review and County Board of Equalization were held last spring on market values. It is too late to contest the market value for Pay 2013 through the “boards” process. Valuation notices for Pay 2014 will be issued next spring with the tax statement.

Public Budget (Truth in Taxation) Hearings are being held now on the amount of taxes being levied by the taxing districts in 2013. See the attached list or their notice for meeting time and dates. These taxes are based on the 2012 assessment. The valuation notices being mailed next spring should be appealed in the spring to potentially affect taxes paid in 2014.

10. Are senior citizen taxes frozen?

The property tax refund program replaced the senior citizen tax freeze that existed in the mid-1970s. A new Senior Citizens Tax Deferral Program was implemented several years ago to help qualifying seniors with property taxes. In previous years, only tax amounts could be deferred. Beginning with Pay 2006, special assessment amounts can also be deferred. There is information on the back of the tax statement regarding this program.

You may be able to defer a portion of the property tax on your homestead if you are a qualifying senior citizen. To be eligible, you must be at least 65 years old, with a household income of \$60,000 or less, and have lived in your home for at least 15 years. Senior citizens that participate in this program will only have to pay a tax equal to 3% of their net income. The remaining tax will be paid as a low interest loan by the State of Minnesota. The unpaid tax along with accumulated interest will become a lien on the property. This lien must be satisfied upon the sale of the property or if seeking re-financing. Participants who apply for property tax refunds or rebates will not receive the refunds or rebates as cash payments. Instead, the

refunds or rebates will be applied to the deferred property tax total. To receive a fact sheet and application, call (651) 556-6088.

11. Where can I pay my property taxes?

This notice is NOT A BILL. DO NOT PAY TAXES FROM THIS NOTICE. The actual tax for Pay 2013 will be processed next year and a tax statement will be mailed to you in the spring. If they would like to prepay their 2013 taxes, they need to mail or come into our office. Make sure to add special assessments to the estimated amount and stress the importance that this is an estimate.

12. Can the amount of my tax change from what is listed on my TNT notice?

Yes, the amounts may differ due to:

- The TNT notices not including special assessments.
- School referendums could pass which will increase the taxes. School districts ISD 88, ISD 2071 and ISD 837 had referendums for Pay 2013 taxes. These increased dollars are not reflected on the TNT notices.
- Taxing jurisdictions could lower their tax levy.
- Homesteads can be filed until 12/15/2012 to affect pay 2013 taxes.

13. What can I do if I can't afford my taxes?

There are two property tax refund programs available to homestead property taxpayers (can qualify for both in same year). They are based on the amount of taxes (or the amount of tax increase) related to the household income. To apply, form MPR1 needs to be completed. We have booklets or folks can visit www.revenue.state.mn.us or call 1-800-657-3676.

- Regular property tax refund - for households with incomes up to about \$103,000.
- Special property tax refund - when taxes increase by more than 12% (and at least \$100).